

**Excerpts from the California Government Code
Relating to Special Districts**

The purpose of these excerpts from the California Government Code is to provide special districts with the general reporting requirements of the Annual Report of Financial Transactions of Special Districts.

12463 The Controller shall annually compile and publish reports of the financial transactions of each county, city, and school district, as defined in Section 80 of the Education Code, within this state, together with such other matter as he or she deems of public interest. The reports shall include the appropriations limits and the total annual appropriations subject to limitation of the counties, cities, and school districts. The reports shall be made in the time, form, and manner prescribed by the Controller.

✓ **12463.1** The Controller shall appoint an advisory committee consisting of seven local governmental officers to assist him or her in developing complete and adequate records.

Whenever, in the opinion of the advisory committee and the Controller, the public welfare demands that the reports of the financial transactions of a district other than a school district be published, the Controller shall notify the district that reports of its financial transactions are required to be furnished to him or her pursuant to Article 9 (commencing with Section 53890) of Chapter 4 of Part 1 of Division 2 of Title 5. A public entity, agency, board, transportation planning agency designated by the Secretary of the Business, Transportation, and Housing Agency pursuant to Section 29532, or commission provided for by a joint powers agreement pursuant to Chapter 5 (commencing with Section 6500) of Division 7 of Title 1, and a nonprofit corporation as defined herein, shall be deemed a district within the meaning of this section. The Controller shall compile and publish these reports pursuant to Section 12463.

For purposes of this section, "nonprofit corporation" shall mean any nonprofit corporation (1) formed in accordance with the provisions of a joint powers agreement to carry out functions specified in the agreement; (2) that issued bonds, the interest on which is exempt from federal income taxes, for the purpose of purchasing land as a site for, or purchasing or constructing, a building, stadium, or other facility, which is subject to a lease or agreement with a local public entity; or, (3) wholly owned by a public agency.

12464 If the county, city, or district reports are not made in the time, form, and manner required or there is reason to believe that any such report is false, incomplete, or incorrect, the Controller shall appoint some qualified accountant to make an investigation and to obtain the information required. The accountant appointed shall report to the Controller the results of investigation, and a copy shall be filed with the legislative body of the county, city, or district, the accounts of which were so investigated. If a similar investigation has to be made of the accounts of any county, city, or district, for two successive years, a certified copy of the results of the investigation last made shall be transmitted to the grand jury of the county so investigated or in which the city or district so investigated is situated, or, if the district is situated in more than one county, in the county in which any portion of the district is situated.

26909 (a) The county auditor shall either make or contract with a certified public accountant or public accountant to make an annual audit of the accounts and records of every special purpose district within the county for which an audit by a certified public accountant or public accountant is not otherwise provided. In each case, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards.

(b) Where an audit of a district's accounts and records is made by a certified public accountant or public accountant, the minimum requirements of the audit shall be prescribed by the Controller and shall conform to generally accepted auditing standards, and a report thereof shall be filed with the Controller and with the county auditor of the county in which the district is located. The report shall be filed within 12 months of the end of the fiscal year or years under examination.

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- (c) Any costs incurred by the county auditor, including contracts with, or employment of, certified public accountants or public accountants, in making an audit of every special purpose district pursuant to this section shall be borne by the district and shall be a charge against any unencumbered funds of the district available for the purpose.
- (d) For joint districts lying within two or more counties, the above provisions shall apply to the auditor of the county in which the treasury is located.
- (e) The county controller, or ex officio county controller, shall effect this section in those counties having a county controller, or ex officio county controller.
- (f) A special district may, by unanimous request of the governing board of the special district, with unanimous approval of the board of supervisors, replace the annual special audit with a biennial audit covering a two-year period or, if the district's annual budget does not exceed an amount specified by the board of supervisors, an audit covering a five-year period.

Notwithstanding the foregoing provisions of this section to the contrary, districts shall be exempt from the requirement of an annual audit if the financial statements are audited by the Controller to satisfy federal audit requirements.

- (g) A board of supervisors may substitute a financial review in accordance with definitions promulgated by the United States General Accounting Office if the audit of a special district as required by this section, provided that all of the following conditions are met:
 - (1) The board of supervisors is the governing board of the district.
 - (2) The special districts revenues and expenditures are transacted through the county's financial systems.
 - (3) The special district's annual revenues do not exceed one hundred thousand dollars (\$100,000).

53890 As used in this article, "local agency" means any city, county, any district, and any community redevelopment agency required to furnish financial reports pursuant to Section 12463.1 or 12463.3.

53891 The officer of each local agency who has charge of the financial records shall furnish to the Controller a report of all the financial transactions of the local agency during the next preceding fiscal year. The report shall be furnished within 90 days after the close of each fiscal year and shall be in the form required by the Controller. If the report is filed in electronic format as prescribed by the Controller, the report shall be furnished within 110 days after the close of each fiscal year. However, in the case of local agencies filing annual financial materials with the California Health Facilities Commission* or any successor thereto pursuant to Section 441.18 of the Health and Safety Code, the audited report shall be furnished within 120 days after the close of each fiscal year. Further, in case of community redevelopment agencies filing annual reports with the Controller pursuant to Section 33080 of the Health and Safety Code, the report shall be furnished within six months of the end of the agency's fiscal year. The Controller shall prescribe uniform accounting and reporting procedures which shall be applicable to all local agencies except cities, counties, and school districts, and except for local agencies which substantially follow a system of accounting prescribed by the Public Utilities Commission of the State of California or the Federal Power Commission. The procedures shall be adopted under the provisions of Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2. The Controller shall prescribe the procedures only after consultation with and approval of a local governmental advisory

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committee established pursuant to Section 12463.1. Approval of the procedures shall be by majority vote of the members present at a meeting of the committee called by the chairperson thereof.

* The name has changed to Office of Statewide Health Planning and Development

53891.1 In lieu of the report required in Section 53891, hospital districts may submit to the Controller, copies of any annual financial reports which the hospitals are required to submit to the California Health Facilities Commission* or any portion thereof acceptable to the Controller, together with any supplemental report containing additional information as required by the Controller.

* The name has changed to Office of Statewide Health Planning and Development

53892 The report shall state:

- (a) The aggregate amount of taxes levied and assessed against the taxable property in the local agency, which became due and payable during the next preceding fiscal year.
- (b) The aggregate amount of taxes levied and assessed against such property collected by or for, the local agency during the fiscal year.
- (c) The aggregate income during the preceding fiscal year, a general statement of the sources of the income, and the amount received from each source.
- (d) The total expenditures made by administrative departments during the preceding fiscal year, a general statement of the purposes of the expenditures, and the amounts expended by each department.
- (e) The assessed valuation of all of the taxable property in the local agency as set forth on the assessment roll of the local agency equalized for the fiscal year, or, if the officers of the county in which the city or district is situated have collected for the city or district the general taxes levied by the city or district for the fiscal year, the assessed valuation of all taxable property in the city or district as set forth on the assessment rolls for the county equalized for the fiscal year.
- (f) The information required by Section 53892.2, as of the end of the fiscal year.
- (g) The approximate population at the close of the fiscal year and the population as shown by the last regular federal census.
- (h) Other information which the Controller requires.
- (i) Any other matters necessary to complete and keep current the statistical information on assessments, revenues and taxation, collected and compiled by any Senate or Assembly committee on revenue and taxation.

53892.2 Pursuant to Section 53892, the report shall also contain the following information:

(a) For all issues of general obligation bonds, revenue bonds, improvement district bonds, limited obligation bonds, and special assessment bonds state:

- (1) The purpose of the bonds.

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- (2) The amount of issued and unmatured bonds.
 - (3) The amount of any delinquent principal and interest payments which are due upon issued and matured bonds.
 - (4) The amount of authorized but unissued bonds.
- (b) For each issue of general obligation bonds and improvement district bonds where the revenues of any revenue-producing enterprise have been pledged as additional security for such bonds, state the nature and extent of such pledge.
- (c) For each issue of revenue bonds where any income, other than the revenues of the enterprise financed by said revenue bonds, has been pledged as additional security for said bonds, state the nature and extent of such pledge.
- (d) For each issue of improvement district bonds state the assessed valuation of all taxable property in such improvement district, determined in the manner provided in subdivision (e) of Section 53892.
- (e) For each issue of limited obligation bonds, state the nature and source of taxes from which principal and interest is payable.
- (f) For special assessment bonds which are payable, directly or indirectly, from any source other than special assessments, state the nature and extent of such sources.
- (g) For all lease-obligations state:
- (1) The purpose of the lease-obligation.
 - (2) The nature of the lease-obligation, whether by lease, contract, or otherwise, and the parties thereto.
 - (3) The person, partnership, corporation, legal entity or governmental agency providing any moneys expended for making any acquisition or improvement authorized or required for the purpose of such lease-obligation.
 - (4) The total future rentals or other payments which would be required if the local agency completed the unexpired term of the lease-obligation.
- (h) For construction financed by the United States or the State of California pursuant to a contract with, or a loan or grant to, the local agency:
- (1) The date or purpose of the contract or grant.
 - (2) The maximum repayment obligation under the contract, and the amount expended by the United States or the State of California to date.
 - (3) The estimated payment schedule.
 - (4) The payments to date and delinquencies, if any.

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The following definitions shall apply to this section:

"Bonds" means all bonds, warrants, notes or other evidences of indebtedness or liability for which the reporting local agency is liable for payment of principal and interest thereon.

"General obligation bonds" means bonds payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied within the entire territory of the local agency, without limitation as to rate or amount, upon all property subject to taxation or assessment.

"Revenue bonds" means bonds issued by a local agency payable, both principal and interest, from the revenues of a revenue-producing enterprise.

"Improvement district bonds" means bonds payable, both principal and interest, from the proceeds of ad valorem taxes or ad valorem assessments which may be levied within a fixed and defined portion or portions of the local agency, without limitation as to rate or amount, upon all property subject to taxation or assessment.

"Limited obligation bonds" means any bonds payable, both principal and interest, from any taxes, other than taxes or assessments levied upon property.

"Special assessment bonds" means any bonds issued to represent unpaid assessments upon lands in an area fixed and defined by the local agency, the lands within such area being specially benefited by and assessed or to be assessed to pay the costs and expenses of a public acquisition or improvement.

"Lease-obligations" means (i) leases for a term of more than 10 years under which the local agency is the lessee and has the right, by option or otherwise, to acquire ownership of the property leased or (ii) contracts whereby a local agency is obligated to make installment payments for a period of more than 10 years for an acquisition or improvement, such payments being made from a special fund, provided, that revenue bonds or any contract, indenture, resolution or ordinance providing for the issuance of revenue bonds shall not be deemed a lease-obligation.

The information required by this section shall be submitted in such form and detail as may be prescribed by the uniform reporting procedures adopted pursuant to Section 53891.

53894 An officer of a local agency willfully and knowingly rendering a false report is guilty of a misdemeanor.

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53895 (a) An officer of a local agency who fails or refuses to make and file his or her report within twenty days after receipt of a written notice of the failure from the Controller shall forfeit to the state:

- (1) One thousand dollars (\$1,000), in the case of a local agency with total revenue, in the prior year, of less than one hundred thousand dollars (\$100,000), as reported in the Controller's annual financial reports.
- (2) Two thousand five hundred dollars (\$2,500) in the case of a local agency with total revenue, in the prior year, of at least one hundred thousand dollars (\$100,000) but less than two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.
- (3) Five thousand dollars (\$5,000) in the case of a local agency with total revenue, in the prior year, of at least two hundred fifty thousand dollars (\$250,000), as reported in the Controller's annual financial reports.

(b) Upon the request of the Controller, the Attorney General shall prosecute an action for the forfeiture in the name of the people of the State of California.

53896 An officer of a local agency wilfully refusing to make such a report is guilty of a misdemeanor.

53897 Whenever, under the provisions of Section 12463.1, reports of financial transactions are required to be furnished to the Controller from districts which make comprehensive annual financial reports to the State Treasurer, the provisions of this article shall be satisfied if a copy of the report to the State Treasurer is furnished to the Controller within the time limits specified herein.

53900 As used in this article, "local agency" means city and any district other than school districts required by the Advisory Committee and the Controller to furnish financial reports pursuant to Section 12463.1.

53901 Within 60 days after the beginning of its fiscal year, every local agency, including every special purpose assessing or taxing district with the county shall file with the county auditor of the county in which it conducts its principal operations, a copy of its annual budget. The county auditor shall hold on file the annual budget of such special purpose assessing or taxing district or local agency for public inspection at all reasonable hours. If a local agency or special purpose assessing or taxing district does not have a formal budget, it shall file a listing of its anticipated revenues, together with its expenditures and expenses for the fiscal year in progress. The county auditor shall hold on file such statement for public inspection at all reasonable hours.

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